

EXHIBIT 2

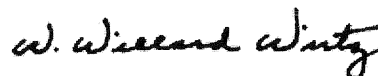
Legislative History
of the
Welfare and Pension Plans
Disclosure Act of 1958,
as amended by
Public Law 87-420 of 1962

Foreword

The purpose of the Welfare and Pension Plans Disclosure Act, signed into law on August 28, 1958, is to provide for the registration, reporting, and disclosure to participants and beneficiaries of employee welfare and pension benefit plans of financial and other information relating to such plans. This Act was strengthened by the Welfare and Pension Plans Disclosure Act Amendments of 1962, which were signed into law by President Kennedy on March 20, 1962. Among other things, the amendments confer certain investigatory and enforcement powers upon the Secretary of Labor, authorize the Secretary of Labor to issue written interpretations on which plan administrators may rely, provide for bonding of certain persons who handle plan funds, and make Federal crimes of theft, embezzlement, false statements, kickbacks, and bribery with respect to plans subject to the Welfare and Pension Plans Disclosure Act.

Shortly after the passage of the 1962 Amendments, the Division of Labor Management Laws, Office of the Solicitor, undertook to collect and prepare for publication the materials included in this Legislative History. This project was conducted under the immediate supervision of Morton J. Marks and Ernest J. Corrado, who were assisted by Cornelius S. Donoghue, Jr., Arthur B. Patrizio, Sonya I. Livshin, Michael S. Gordon, George E. Rivers and Jean P. Edwards.

As a public service, I am pleased to make these compiled materials available for public use and I hope that they will be helpful to those persons who have occasion to use them.



W. WILLARD WIRTZ,
Secretary of Labor.

things it recommended a Federal disclosure act covering all types of employee-benefit plans.

85TH CONGRESS

During the 85th Congress, a subcommittee of the Committee on Labor and Public Welfare held hearings on various bills which had been introduced as a result of the previous investigations held in other Congresses. It heard testimony from interested executive agencies, management, insurance and banking representatives, trade-union representatives, actuaries, and others interested in private and social insurance plans. The subcommittee reported S. 2888 to the full committee.

(Senate Report, No. 1440, pp. 2,3, April 21, 1958)

Mr. Douglas:

III. BACKGROUND OF THE LEGISLATION

A brief statement of the legislative work that led up to S. 2888 will serve to show that this is no hastily conceived measure. It is rather the result of extensive and careful study by your committees.

The investigation of employee welfare and pension plans was launched in 1954 under Senate Resolution 225 by a subcommittee of which the Senator from New York [Mr. IVES] was chairman. Its first report, revealing various abuses, was filed January 10, 1955.

The chairmanship of the subcommittee passed to me in 1955, and Senate Resolution 40 continued the investigation. The subcommittee and its staff pursued the study in lengthy public hearings, covered 1,619 pages of testimony, in executive sessions, and in extensive field studies and staff inquiries. Existing Federal and State laws were carefully reviewed to determine the adequacy of their protections.

A second interim report was filed July 20, 1955, outlining some of the worst cases uncovered. And on April 16, 1956, we filed our final report, Senate Report 1734, 84th Congress, covering 356 pages, in which the findings and recommendations of the majority for Federal reporting and disclosure legislation were clearly spelled out. The Senator from Colorado [Mr. ALLOTT] dissented on the question of coverage,

foreshadowing the amendment he has proposed to S. 2888.

(Bound Cong. Rec. 7059, Senate, Apr. 23, 1958)

Mr. Kennedy. Mr. President, it has only been in the past 10 or 15 years that employee welfare and pension plans have grown from relatively small significance into a private social security system upon which scores of millions rely for future economic security in their old age or in the event of misfortune. Tens of billions of dollars are being spent or set aside to provide such benefits. As has been said, these plans grew up like Topsy. Under the prevailing conditions of an unprecedented period of prosperity, high taxes, a scarce labor market, favorable tax treatment, and collective bargaining, these plans took such forms as best suited their particular circumstances without uniform standards or rules governing their operations. It is not at all surprising that the sensational growth of this complex free enterprise private social security system should not only bring about great good but should create new problems, outdistance existing laws, provide great opportunities for abuse, and leave hosts of employees without adequate safeguards to protect their equities. It is for this reason that S. 2888, a bill to require the registration, reporting, and disclosure of employee welfare and pension plans, has been drafted and is proposed for legislation.

The bill which is before us is the product of a great deal of work done over a period of years. My distinguished friends, the Senator from Illinois, [Mr. DOUGLAS] and the Senator from New York, [Mr. IVES], both headed predecessor subcommittees in the 84th and 83d Congresses, respectively. In 1954, as a result of unfavorable publicity about the maladministration of employee benefit plans, and a special Presidential message suggesting a Congressional inquiry into this field, the Senator from New York began an intensive investigation of welfare and benefit plan administration. That subcommittee made studies of the overall characteristics and problems of private employee benefit plans, initiated a survey of insurance company practices, and made extensive field investigations of collectively bargained and jointly administered welfare plans. As a result of its investigations, the committee found that there was a need for